

## Message Text

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 3653

S E C R E T KINGSTON 0013

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TAGS: PINT JM

SUBJ: BAUXITE COMMISSION AND GOVERNMENT BAUXITE POLICIES

REF: KINGSTON 4369 12/28/73 AND 4349 12/22/73

1. CHARGE BREAKFASTED THIS MORNING WITH M.F. WASHBURN, JAMAICAN MANAGER FOR ALCOA, WHO GAVE A BLOW-BY-BLOW ACCOUNT OF EVENTS STIMULATING RECENT INTEREST ON THIS SUBJECT IN PITTSBURGH, AND ELSEWHERE. ACCORDING TO WASHBURN, HE HAD A REPORT FROM WHAT HE DESCRIBED AS A RELIABLE SOURCE IN EARLY DEC ON AT LEAST PART OF THE CONTENTS OF THE BAUXITE COMMISSION'S DRAFT REPORT. HE SAID THAT THE BAUXITE COMMISSION WAS PREPARED TO RECOMMEND THAT THE JAMAICAN GOVERNMENT RE-ASSUME OWNERSHIP AND CONTROL OF ALL BAUXITE LANDS AND EITHER MINE THEM ITSELF OF LEASE THEM TO MINING COMPANIES, THOSE PRESENTLY ENGAGED IN THE BUSINESS OR OTHERS AS THE CASE MAY BE. ALSO INCLUDED, GOJ INTEREST IN INCREASING ITS MONETARY TAKE FROM THE INDUSTRY AND IN SEVERAL TECHNICAL MATTERS OF LESSER IMPORTANCE. (FYI. THE RECOMMENDED COURSE OF ACTION IN WASHBURN'S REPORT SEEMS TO BE IDENTICAL TO THE MORE EXTREME OPTION MENTIONED BY ALLAN ISAACS, MINISTER OF MINING AND NATURAL RESOURCES, IN HIS CONVERSATION WITH CHARGE ON OCT 10, 1973. THE DEPT WILL RECAL THAT THE OTHER OPTION MENTIONED BY ISAACS WAS THAT THE COMPANIES SHOULD GIVE UP THOSE RESERVES THAT THEY WERE NOT NOW MINING AND HAD NO INTENTION OF MINING IN THIS CENTURY.)

2. WASHBURN SAID THAT AFTER RECEIVING THE ABOVE REPORT HE ASKED ANOTHER FIGURE (UNNAMED) IN THE LOCAL SCENE TO CONFIRM IT WITH  
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ROUSSEAU, CHAIRMAN OF THE BAUXITE COMMISSION. HE DID SO AND AS A RESULT WASHBURN RECEIVED WHAT HE REGARDED AS GENERAL CONFIRMATION. WASHBURN THEN ASKED THE SAME PERSON, WHO HAS READY ACCESS TO PRIME MINISTER MANLEY, TO SEE MANLEY AND ASK HIM WHAT

HIS INTENTIONS WERE WITH RESPECT TO THE BAUXITE INDUSTRY WITHOUT AT THE SAME TIME REVEALING SOURCE OF CONCERN. THIS MEETING WAS HELD, AND WASHBURN REPORTS THAT PRIME MINISTER NEITHER CONFIRMED OR DENIED THE PROBABLE OUTCOME OF THE BAUXITE COMMISSION'S REPORT OR THE POSSIBLE INTENTION OF HIS GOVERNMENT TO TAKE OVER THE BAUXITE LANDS. HOWEVER, THE PRIME MINISTER APPARENTLY HAD A FIRST-CLASS TANTRUM ON LEARNING THERE HAD BEEN A LEAK IN THE BAUXITE COMMISSION'S DELIBERATIONS.

3. WASHBURN THEN REPORTED HIS MIS-GIVINGS TO PITTSBURGH AND HIS WARNINGS WERE TAKEN SERIOUSLY BY JOHN HARPER. ACCORDING TO WASHBURN, HARPER ASKED THE CHIEF EXECUTIVE OFFICERS OF THE OTHER ALUMINA COMPANIES TO MEET WITH HIM IN PITTSBURGH IN EARLY DEC. ONLY ALCAN AND REVERE DID SO, THE OTHERS REFUSING TO TAKE THE SITUATION SERIOUSLY AND PERHAPS FEARING THE ANTI-TRUST IMPLICATIONS OF SUCH A MEETING. WHETHER BECAUSE OF THE ABSENCE OF OTHER PRODUCERS OR FOR SOME OTHER REASON, WASHBURN SAYS THAT THE MEETING REACHED NO FIRM POLICY CONCLUSIONS.

4. WASHBURN SAID HE CALCULATED THAT BAUXITE COMMISSION CONSISTED OF "FRIENDLIES" FIVE TO FOUR, AND THAT ALMOST ALL MEMBERS OF ECONOMIC COUNCIL ARE "FRIENDLIES" INCLUDING ISAACS. HOWEVER, HE HAS DARK SUSPICIONS ABOUT MANLEY'S VIEWS AND HIS FRIENDLY RELATIONSHIP WITH FORBES BURNHAM.

5. COMMENT: WASHBURN IS A VIRILE AND CAPABLE MANAGER OF ALCOA'S LARGE INTEREST HERE. HE IS REASONABLY CLEAR-EYED NOT ANTE-DELUVIAN IN HIS POLITICS AND SOCIAL VIEWS. ON THE OTHER HAND, HE DOES HAVE A CONSPIRATORIAL TURN OF MIND AND HAS BEEN TRIPPED UP FROM TIME-TO-TIME BY HIS TASTE FOR CONSPIRACY. WE HAVE NO REASON TO DOUBT HIS STORY OF HIS AGENT'S INTERVIEW WITH THE PRIME MINISTER, BUT WE ARE NOT SURE WHAT IT MEANS. MANLEY IS NOT THE FIRST HEAD OF GOVERNMENT TO BECOME APPOPLECTIC ON DISCOVERING A MAJOR LEAK IN HIS GOVERNMENT.

6. THOUGH WASHBURN INDICATED THE PITTSBURGH MEETING CAME TO NOTHING, THERE SEEMS TO HAVE BEEN SOME DEGREE OF CO-ORDINATION  
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IN THE INDUSTRY IN RESPONSE TO THE GOVERNMENT'S REQUEST FOR INFORMATION FROM THE VARIOUS COMPANIES. WASHBURN INDICATED THAT ALCOA HAD NO INTENTION OF PROVIDING INCOME TAX RETURNS AND OTHER DATA ON THE COMPANY OUTSIDE JAMAICA. OVER THE WEEKEND CHARGE LEARNED FROM DEREK STONE, AN ATTORNEY FOR REYNOLDS, THAT BOTH REYNOLDS AND ALCAN HAD DECIDED ON SIMILAR COURSE. HOWEVER HONEYBALL OF KAISER HAD PREVIOUSLY TOLD CHARGE THAT KAISER INTENDED TO COMPLY IN THE MAIN WITH THE GOVERNMENT'S REQUESTS.  
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